

TOP SECRET

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## EUROPE--AFRICA

1. GREAT BRITAIN: Policy on defense against atomic bombs-- MA London reports that the British General Staff, assuming that atomic bombs will be dropped from aircraft for some time to come, has concluded (a) that defense against them must depend on transportable, super-heavy, remote-controlled, anti-aircraft weapons capable of engaging single aircraft or formations flying at up to sonic speed with operational ceiling above 55,000 feet, and (b) that guided missiles offer a potential solution of the problem.
2. IRAN: Soviet troop movements-- The State Department representative in Tabriz reports that the current movement of Soviet troops in the Azerbaijan area constitutes "no ordinary reshuffling but a full-scale combat deployment." Tanks and armored cars are continually arriving by rail, and armored force personnel now far outnumber the cavalry, formerly the principal occupation force. Large troop movements continue both toward the Turkish border and eastward toward Tehran. Communications from Tabriz may be cut at any moment.
3. GERMANY: Agreement on economic blueprint-- General Clay reports that, subject to confirmation by the Coordinating Committee and certain minor reservations by the French, agreement has been reached by the ACC on an economic blueprint for postwar Germany. The plan is based on the assumption that Germany will be treated as an economic whole, including the Ruhr and the Saar, and prescribes maximum production capacities in major branches of German industry.
4. NORWAY: Request for US equipment-- General McNarney reports that the Norwegians have indicated an interest in equipping a force of approximately two and one-half divisions with US materiel. He points out that they have already obtained information on similar equipment from the British but are delaying a decision until receipt

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of the data requested from the US. General McNarney, therefore, has asked for War and State Department authority to supply the Norwegians with the requested information.

5. USSR: Recent demonstrations by US troops have had an unfortunate effect on the Soviets, the Turkish Ambassador to Moscow has told the US Naval Attache. The Soviets took them as evidence of American impotence and were therefore increasing their aggressive actions, the Ambassador declared.

FAR EAST

6. KOREA: Report on Soviet activities-- A 6 March report from General Hodge,

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includes the following description of Soviet activities in northern Korea:

(a) Since 1 February the number of Soviet troops has increased, and there is much talk among them of a possible war with the US. One Soviet officer is reported to have said that the conquest of southern Korea could be completed in 5 days. Even when allowances are made for braggadocio and rumor, the agents' reports generally indicate that the Soviets are in a "state of readiness for combat not warranted by the local situation."

(b) The Soviets had removed most capital goods from their zone by 10 February; they are anxious to remove the balance of these goods and improve railroad facilities before the arrival of Allied inspection groups.

(c) The Soviets have changed their attitude towards local Japanese and have improved their living conditions. At one locality in the Soviet zone, 3000 former Japanese Army officers are being trained in Communism, presumably in preparation for their return to Japan.

On 8 March, General Hodge reported that some Koreans "acting as Soviet agents" had been captured in Seoul. These agents had been sent by the Soviets into southern Korea (a) to join the US-sponsored Coast Guard School or (b); if they were unable to do so, to visit principal cities to obtain estimates of US military strength, US shipping and naval operations

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(particularly at the port of Inchon), and general economic activity.

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7. JAPAN: SCAP cites fertilizer needs-- General MacArthur reports that on account of the wartime stringency in supply of fertilizers in Japan, the infertile nature of the soils, and the fact that residual fertility has been exhausted, failure to obtain fertilizer imports would result in an estimated crop reduction of from 15 to 20 percent during late 1946 and 1947. He strongly recommends that the shipping space required for delivery of food previously requested by him be made available for fertilizers, if food can not be procured.

#### THE AMERICAS

8. ECUADOR: Velasco changes mind on dictatorship-- US representatives in Quito have previously reported that President Velasco, irked at various constitutional restrictions, was thinking of establishing a dictatorship. Embassy Quito now reports that Velasco "has changed his mind," having publicly asserted that he will uphold the Constitution, even though he believes it to be "absolutely defective," and having also said he is ready to resign whenever the country so indicates.

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